

## Message Text

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43

ACTION NEA-10

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R 191300Z JUL 75

FM AMEMBASSY SANA

TO SECSTATE WASHDC 5982

INFO AMEMBASSY ABU DHABI

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EO 11652: N/A

TAGS: EAIR, YE, US

SUBJECT: NEW YARG PUSH FOR YEMEN AIR REVITALIZATION

1. BEGIN SUMMARY: YARG IS ONCE AGAIN SEEKING MANAGEMENT AND/OR TECHNICAL ASSISTANCE CONTRACTOR TO SUPERVISE OVERHAUL OF YEMEN AIR, PRESUMABLY WITH PROMISES OF AT LEAST PARTIAL FINANCIAL BACKING FROM UNIDENTIFIED ARAB STATES. ONLY AMERICAN CONTENDER IS OAKLAND-BASED WORLD AIRLINES WHOSE AIR AGREEMENTS AND AIRCRAFT MARKETING DIRECTOR, ROBERT KLINE, HELD DISCUSSIONS WITH YARG OFFICIALS INCLUDING DEPPRIMIN GEGHMAN AND MINDEV IRYANI DURING PAST WEEK. OTHER PROSPECTIVE SUITORS INCLUDE SAUDIA, BRITANNIA, LUFTHANSA, AND MEA. END SUMMARY.

2. MOVING FORCE BEHIND PROJECT IS DEPUTY PRIME MINISTER FOR ECONOMIC AND FOREIGN AFFAIRS, YAHYA GEGHMAN. GEGHMAN TOLD KLINE TIME HAS COME FOR COMPLETE YEMEN AIR REVITALIZATION UNDER DIRECTION COMPETENT FOREIGN CARRIER. YARG INTEND ON RE-EQUIPING YEMEN AIR WITH OWN AIRCRAFT CAPABLE OF FULFILLING NEEDS OF EXISTING INTERNATIONAL DND DOMESTIC ROUTE STRUCTURE.

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MAINSTAY OF AIRLINE AT PRESENT IS WET-LEASED BRITANNIA

BOEING 737. ONLY ONE DC-6 AND ONE DC-3 FROM FORMER PISTON FLEET REMAINS OPERABLE, BUT IN CONCERTED OPINION OF MOST OBSERVERS AND PASSENGERS, BOTH AIRCRAFT FLYING ON BORROWED TIME.

3. SAUDIA HAS PROPOSED JOINT VENTURE APPROACH TO SOLVE YEMEN AIR'S WOES. BRITANNIA HAS INDICATED THAT WHILE NOT INTERESTED IN OVERALL MANAGEMENT ROLE, IT WOULD ASSIST IN AIRCRAFT ACQUISITION AND CREW TRAINING. TO ILLUSTRATE ITS INTEREST, BRITANNIA PRESENTED TWO REPORTS TO YARG CONCERNING AIRCRAFT ACQUISITION AND SUPPORT.

4. WORLD AIRWAYS DEFINITELY INTERESTED IN SOME KIND OF MANAGEMENT/TECHNICAL ASSISTANCE CONTRACT SIMILAR TO WORLD'S ON-GOING ARRANGEMENT WITH AIR MALI. KLINE STRESSED WORLD'S PROPOSAL WOULD BE EXTREMELY FLEXIBLE AND AMENABLE TO CONSIDERABLE ALTERATION DEPENDING ON THE LEVEL OF FINANCIAL SUPPORT. HE INDICATED GEGHMAN ENCOURAGED WORLD TO MAKE WHAT PRELIMINARY STUDIES WERE NECESSARY AND NOT TO WORRY ABOUT FINANCIAL COSTS WHEN DESIGNING PROJECT PROPOSAL. IN ASIDE ON PAN AM'S EXTENSIVE 1974 RECOMMENDATIONS, GEGHMAN REPORTEDLY COMMENTED THAT YARG HAD FEELING PAN AM TRYING TO SADDLE YEMEN AIR WITH EXCESS BOEING 720 AIRCRAFT WHILE MAKING PROPOSAL WHICH--THOUGH TECHNICALLY SOUND--WAS EXCESSIVELY EXPENSIVE AND OVERLY RELIANT ON EXPATRIATE PERSONNEL.

5. WORLD AIRWAYS NOW PLANNING AS THOROUGH A SURVEY OF YEMEN AIR'S REQUIREMENTS AS POSSIBLE WITH VIEW TO DRAFTING PRELIMINARY PROPOSAL. SURVEY WOULD TAKE 3-6 WEEKS, ALTHOUGH COMPLETE LACK OF DATA WILL MAKE TASK SOMEWHAT DIFFICULT. WORLD EXPECTED TO STRONGLY RECOMMEND YEMEN AIR PURCHASE OF NEW BOEING 737-200 WITH HIGHER POWERED JTSD-17 ENGINES. OPTION OF LARGE CARGO DOOR AND STRENGTHENED FLOOR WOULD ALSO BE RECOMMENDED DESPITE SOME PASSENGER PENALTIES. THESE RECOMMENDATIONS ARE THE SAME AS BRITANNIA AIRSJS AND WILL MOST LIKELY BE ACCEPTED BY YARG.

6. COMMENT: WORLD WOULD APPEAR TO BE IN GOOD POSITION LIMITED OFFICIAL USE

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WITH REGARD TO PROPOSED CONTRACT. YARG BELIEVED TO FROWN ON ANY INVOLVEMENT WITH SAUDIA, AND OFFICIALS HERE FAVORABLY IMPRESSED WITH WORLD'S RECORD. THE CERTAINTY THAT WORLD CHAIRMAN E J DALY WOULD TAKE PERSONAL INTEREST IN VENTURE ALSO A PLUS. ALTHOUGH GEGHMAN OBLIQUE ON QUESTION OF FINANCING, CCC HAMDI BELIEVED TO HAVE OBTAINED SOME

NEW COMMITMENTS REGARDING FINANCIAL SUPPORT FOR  
YEMEN AIR WITH MENTION OF ABU DHABI BEING PROMINENT.  
HOWEVER, NO DETAILS ON AMOUNT OR DIRECTION OF SUCH  
AID AS YET FORTHCOMING.  
SCOTES

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